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Financial reports and audited financial statements, and reports of the Board of Auditors

Report of the Fifth Committee

Rapporteur: Ms. Nicole Ann **Mannion** (Ireland)

I. Introduction

1. At its 2nd plenary meeting, on 17 September 2010, the General Assembly, on the recommendation of the General Committee, decided to include in the agenda of its sixty-fifth session, and to allocate to the Fifth Committee, the item entitled:

"Financial reports and audited financial statements, and reports of the Board of Auditors:

"(a) United Nations;

"(b) United Nations peacekeeping operations;

"(c) International Trade Centre UNCTAD/WTO;

"(d) United Nations University;

"(e) Capital master plan;

"(f) United Nations Development Programme;

"(g) United Nations Children's Fund;

"(h) United Nations Relief and Works Agency for Palestine Refugees in the Near East;

"(i) United Nations Institute for Training and Research;

"(j) Voluntary funds administered by the United Nations High Commissioner for Refugees;

"(k) Fund of the United Nations Environment Programme;

"(l) United Nations Population Fund;

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"(m) United Nations Human Settlements Programme;

"(n) United Nations Office on Drugs and Crime;

"(o) United Nations Office for Project Services;

"(p) International Criminal Tribunal for the Prosecution of Persons Responsible for Genocide and Other Serious Violations of International Humanitarian Law Committed in the Territory of Rwanda and Rwandan Citizens Responsible for Genocide and Other Such Violations Committed in the Territory of Neighbouring States between 1 January and 31 December 1994;

"(q) International Tribunal for the Prosecution of Persons Responsible for Serious Violations of International Humanitarian Law Committed in the Territory of the Former Yugoslavia since 1991".

2. The Fifth Committee considered the item at its 7th and 15th meetings, on 15 October and 10 November 2010. Statements and observations made in the course of the Committee's consideration of the item are reflected in the relevant summary records (A/C.5/65/SR.7 and 15).

3. For its consideration of the item, the Fifth Committee had before it the following documents:

(a) For the period ended 31 December 2009, the financial reports and audited financial statements and the reports and audit opinions of the Board of Auditors on the United Nations,[1] the International Trade Centre UNCTAD/WTO,[2] the United Nations University,[3] the United Nations Development Programme,[4] the United Nations Children's Fund,[5] the United Nations Relief and Works Agency for Palestine Refugees in the Near East,[6] the United Nations Institute for Training and Research,[7] the voluntary funds administered by the United Nations High Commissioner for Refugees,[8] the Fund of the United Nations Environment Programme,[9] the United Nations Population Fund,[10] the United Nations Human Settlements Programme,[11] the United Nations Office on Drugs and Crime,[12] the United Nations Office for Project Services,[13] the International Criminal Tribunal for the Prosecution of Persons Responsible for Genocide and Other Serious Violations of International Humanitarian Law Committed in the Territory of Rwanda and Rwandan Citizens Responsible for Genocide and Other Such Violations Committed in the Territory of Neighbouring States between 1 January and 31 December 1994[14]

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[1] *Official Records of the General Assembly, Sixty-fifth Session, Supplement No. 5* (A/65/5), vol. I.
[2] Ibid., vol. III and Corr.1.
[3] Ibid., vol. IV.
[4] Ibid., *Supplement No. 5A* and corrigendum (A/65/5/Add.1 and Corr.1).
[5] Ibid., *Supplement No. 5B* (A/65/5/Add.2).
[6] Ibid., *Supplement No. 5C* (A/65/5/Add.3).
[7] Ibid., *Supplement No. 5D* (A/65/5/Add.4).
[8] Ibid., *Supplement No. 5E* (A/65/5/Add.5).
[9] Ibid., *Supplement No. 5F* (A/65/5/Add.6).
[10] Ibid., *Supplement No. 5G* (A/65/5/Add.7).
[11] Ibid., *Supplement No. 5H* (A/65/5/Add.8).
[12] Ibid., *Supplement No. 5I* (A/65/5/Add.9).
[13] Ibid., *Supplement No. 5J* (A/65/5/Add.10).
[14] Ibid., *Supplement No. 5K* (A/65/5/Add.11).

and the International Tribunal for the Prosecution of Persons Responsible for Serious Violations of International Humanitarian Law Committed in the Territory of the Former Yugoslavia since 1991;[15]

(b) Reports of the Secretary-General on the implementation of the recommendations of the Board of Auditors contained in its reports on the United Nations for the biennium ended 31 December 2009 and on the capital master plan for the year ended 31 December 2009 (A/65/296, sects. I and II); and on the implementation of the recommendations of the Board of Auditors contained in its reports on the United Nations funds and programmes for the financial period ended 31 December 2009 (A/65/296/Add.1);

(c) Report of the Advisory Committee on Administrative and Budgetary Questions on the financial reports and audited financial statements and reports of the Board of Auditors for the period ended 31 December 2009 (A/65/498);

(d) Note by the Secretary-General transmitting the concise summary of principal findings and conclusions contained in the reports prepared by the Board of Auditors for the General Assembly at its sixty-fifth session (A/65/169).

4. At the 7th meeting, on 15 October, the Chair of the Audit Operations Committee of the Board of Auditors introduced the reports of the Board (see A/C.5/65/SR.7).

II. Consideration of draft resolution A/C.5/65/L.6

5. At its 15th meeting, on 10 November, the Committee had before it a draft resolution entitled "Financial reports and audited financial statements, and reports of the Board of Auditors" (A/C.5/65/L.6), submitted by the Chair of the Committee on the basis of informal consultations coordinated by the representative of Egypt.

6. At the same meeting, the Committee adopted draft resolution A/C.5/65/L.6 without a vote (see para. 8).

7. After the adoption of the draft resolution, the Auditor-General of the Republic of South Africa and Chair of the United Nations Board of Auditors made a statement (see A/C.5/65/SR.15).

[15] Ibid., *Supplement No. 5I* (A/65/5/Add.12).

III. Recommendation of the Fifth Committee

8. The Fifth Committee recommends to the General Assembly the adoption of the following draft resolution:

Financial reports and audited financial statements, and reports of the Board of Auditors

The General Assembly,

Recalling its resolutions 50/222 of 11 April 1996, 51/218 E of 17 June 1997, 52/212 B of 31 March 1998, 53/204 of 18 December 1998, 53/221, section VIII, of 7 April 1999, 54/13 B of 23 December 1999, 55/220 A, B and C of 23 December 2000 and 12 April and 14 June 2001, 57/278 A of 20 December 2002, 60/234 A and B of 23 December 2005 and 30 June 2006, 61/233 A and B of 22 December 2006 and 29 June 2007, 62/233 A and B of 22 December 2007 and 20 June 2008, 63/246 A and B of 24 December 2008 and 30 June 2009, 64/227 of 22 December 2009 and 64/268 of 24 June 2010,

Having considered for the period ended 31 December 2009, the financial reports and audited financial statements and the reports and audit opinions of the Board of Auditors on the United Nations,[1] the International Trade Centre UNCTAD/WTO,[2] the United Nations University,[3] the United Nations Development Programme,[4] the United Nations Children's Fund,[5] the United Nations Relief and Works Agency for Palestine Refugees in the Near East,[6] the United Nations Institute for Training and Research,[7] the voluntary funds administered by the United Nations High Commissioner for Refugees,[8] the Fund of the United Nations Environment Programme,[9] the United Nations Population Fund,[10] the United Nations Human Settlements Programme,[11] the United Nations Office on Drugs and Crime,[12] the United Nations Office for Project Services,[13] the International Criminal Tribunal for the Prosecution of Persons Responsible for Genocide and Other Serious Violations of International Humanitarian Law Committed in the Territory of Rwanda and Rwandan Citizens Responsible for Genocide and Other Such Violations Committed in the Territory of Neighbouring States between 1 January and 31 December 1994[14] and the International Tribunal for the Prosecution of Persons Responsible for Serious Violations of International Humanitarian Law Committed in the Territory of

[1] *Official Records of the General Assembly, Sixty-fifth Session, Supplement No. 5* (A/65/5), vol. I.
[2] Ibid., vol. III and Corr.1.
[3] Ibid., vol. IV.
[4] Ibid., *Supplement No. 5A* (A/65/5/Add.1).
[5] Ibid., *Supplement No. 5B* (A/65/5/Add.2).
[6] Ibid., *Supplement No. 5C* (A/65/5/Add.3).
[7] Ibid., *Supplement No. 5D* (A/65/5/Add.4).
[8] Ibid., *Supplement No. 5E* (A/65/5/Add.5).
[9] Ibid., *Supplement No. 5F* (A/65/5/Add.6).
[10] Ibid., *Supplement No. 5G* (A/65/5/Add.7).
[11] Ibid., *Supplement No. 5H* (A/65/5/Add.8).
[12] Ibid., *Supplement No. 5I* (A/65/5/Add.9).
[13] Ibid., *Supplement No. 5J* (A/65/5/Add.10).
[14] Ibid., *Supplement No. 5K* (A/65/5/Add.11).

the Former Yugoslavia since 1991,[15] the concise summary of principal findings and conclusions contained in the reports prepared by the Board of Auditors,[16] the reports of the Secretary-General on the implementation of the recommendations of the Board of Auditors contained in its reports on the United Nations for the biennium ended 31 December 2009 and on the capital master plan for the year ended 31 December 2009,[17] and on the implementation of the recommendations of the Board of Auditors contained in its reports on the United Nations funds and programmes for the financial period ended 31 December 2009,[18] and the report of the Advisory Committee on Administrative and Budgetary Questions,[19]

1. *Accepts* the financial reports and audited financial statements and the reports and audit opinions of the Board of Auditors for the above-mentioned organizations;[1-15]

2. *Approves* the recommendations and conclusions contained in the reports of the Board of Auditors;

3. *Endorses* the observations and recommendations contained in the report of the Advisory Committee on Administrative and Budgetary Questions;[19]

4. *Notes with concern* the delay in the implementation of the International Public Sector Accounting Standards by all entities from January 2010 to January 2012, with the United Nations and its entities further delaying implementation to January 2014;

5. *Decides* to consider the report requested in paragraph 19 of the report of the Advisory Committee on Administrative and Budgetary Questions[19] in the context of the annual progress report of the Secretary-General on the International Public Sector Accounting Standards;

6. *Emphasizes* that the Board of Auditors shall be completely independent and solely responsible for the conduct of the audit;

7. *Decides* to consider further the reports of the Board of Auditors on the International Criminal Tribunal for Rwanda and the International Tribunal for the Former Yugoslavia under the respective agenda items relating to the Tribunals;

8. *Commends* the Board of Auditors for the superior quality of its reports, in particular with respect to its comments on the management of resources and improving the presentation of financial statements;

9. *Takes note* of the reports of the Secretary-General on the implementation of the recommendations of the Board of Auditors on the accounts of the United Nations and on the capital master plan for the year ended 31 December 2009,[17] and on the implementation of its recommendations on the financial statements of the funds and programmes of the United Nations for the financial period ended 31 December 2009;[18]

[15] Ibid., *Supplement No. 5L* (A/65/5/Add.12).
[16] See A/65/169.
[17] A/65/296 (sects. I and II).
[18] A/65/296/Add.1.
[19] A/65/498.

10. *Reaffirms* its resolution 62/208 of 19 December 2007, in particular paragraphs 4, 10, 39, 40 and 86, and its resolution 64/289 of 2 July 2010, in particular the eighth preambular paragraph and paragraph 14;

11. *Notes* the concerns as contained in the qualified audit opinion of the Board of Auditors on the financial statements of the United Nations Population Fund for the biennium ended 31 December 2009, also notes the measures taken so far by the United Nations Population Fund in this regard, including strengthening internal control and increasing capacity in decentralized offices, and requests the United Nations Population Fund to further implement the recommendations of the Board of Auditors;

12. *Notes with deep concern* the recurrence of system-wide problems previously identified by the Board of Auditors with regard to the improper management of non-expendable and expandable property;

13. *Recognizes* that the improper management of non-expendable and expendable property poses a financial and reputational risk to the Organization and, in this regard, calls on the Secretary-General to take swift action to address the concerns identified by the Board at all management levels, and to develop timelines, with benchmarks to monitor progress towards better recordkeeping;

14. *Recognizes* the value of the observations and recommendations with regard to the efficiency of the administration and management of the United Nations and its funds and programmes, including the financial procedures, the accounting systems and the internal financial controls, without compromising the quality of the financial audit, and supports the continuation of these efforts;

15. *Reiterates its request* to the Secretary-General and the executive heads of the funds and programmes of the United Nations to ensure full implementation of the recommendations of the Board of Auditors and the related recommendations of the Advisory Committee on Administrative and Budgetary Questions in a prompt and timely manner and to continue to hold programme managers accountable for non-implementation of the recommendations;

16. *Requests* the Secretary-General to provide in his reports on the implementation of the recommendations of the Board of Auditors on the accounts of the United Nations, as well as on the financial statements of its funds and programmes, a full explanation for the delays in the implementation of the recommendations of the Board, in particular those recommendations not yet fully implemented that are two or more years old;

17. *Also requests* the Secretary-General to indicate in future reports an expected time frame for the implementation of the recommendations of the Board of Auditors, as well as the priorities for their implementation and the office holders to be held accountable.